

RECEIVED

AUG 25 2000

DIVISION OF
OIL, GAS AND MINING

Star Stone Quarries, Inc.
4040 South 300 West
Salt Lake City, Utah 84107
Tel. (801) 262-4300
Fax (801) 262-4474

M/003/026

August 23, 2000

Mr. D. Wayne Hedberg
Permit Supervisor
Division of Oil, Gas, and Mining
P. O. Box 145801
Salt Lake City, Utah 84114-5801

re: Interim Reclamation Surety Estimate for Rosebud Mine, M/003/026, Box Elder County, Utah

Dear Wayne:

Thank you to you and Lynn Kunzler for making the telephone contact with Mike Ford of the BLM. I believe it helped to thaw the ice a little bit for us with Mike Ford on the Rosebud Mine.

The BLM letter stamped July 14, which they copied to you states that " We will not approve your Plan of Operations until a common variety determination has been made whether or not the subject quartzite building stone is locatable or salable." (2nd page after No. 5.). Dave Ryzak called Mike Ford on August 4th after you had talked with him. Mike Ford said that this process would take about three months after they receive all the information needed to do the determination.

BLM policy requires the BLM to complete an environmental assessment (EA) for any proposed operation exceeding 5 acres. The BLM will need 90 to 180 days to complete an EA at Rosebud. In addition, the BLM will still need to analyze the Plan of Operations (POO)/ Notice of Intention to Commence Large Mining Operations (NOI) for completeness to their standards. Mike Ford indicated that these determinations could be done concurrently. However, that is subject to whether or not there is enough personnel to complete the determinations concurrently. I suspect the whole process will take well into next year. We would like to be able to get into Rosebud this year by late October or early November to begin production.

The BLM indicated that there could be an interim solution to get us going this year while they complete the process. We may be able to set up a type of sales contract which will allow us to begin operations while the BLM completes the determinations. We will have to stay within the same development footprint in which we have already done work. This is the 6.25 acres measured by survey in 1999, plus the 0.10 acre of expansion approved by DOGM on March 7, for a total of 6.35 acres. We will have to post bonding for complete dump removal until/unless we can get them to be more reasonable.

Star Stone requests DOGM consider accepting an Interim Reclamation Surety Estimate for Rosebud. The Interim Reclamation Surety Estimate will be only for the period during which the BLM completes the determinations.

The Interim Reclamation Surety Estimate we propose is based on development within the current acreage versus that proposed in the POO/NOI. We estimated the current acreage and the volume of material at about 2/3 of that calculated by DOGM for the 5-year plan. After 1 year of escalation, the reclamation surety estimate will be \$41,600. The total is still very high, but much better than the \$68,700 shown in DOGM's Reclamation Surety Estimate for 9.5 acres. We recognize DOGM will update The Reclamation Surety Estimate when we finally get an approved Plan of Operations from the BLM.

The BLM is not currently willing to budge on the issue of complete dump removal. Mike Ford claims DOGM is requiring the same on several properties, and is expecting to increase the requirement to properties not now being required to completely backfill. Is this true? At what point in size is a pit large enough that it not need be completely backfilled? Would it reduce the reclamation surety estimate if Star Stone proposed to increase the development to that size?

Thank you for your assistance.

Sincerely,

A handwritten signature in blue ink that reads "David Ryzak". The signature is written in a cursive, flowing style.

David Ryzak

for Lon Thomas
President; Star Stone Quarries, Inc.

Enclosure

Interim Reclamation Surety Estimate

Revised Aug. 9, 2000

Mine Name: **Rosebud Quarry**

Green Quarry, White Quarry, Road

Components: Green Quarry = 3.74 ac, White Quarry = 2.61ac w/ road. Total 6.35 ac.

Insert details of reclamation here

1. Completely remove waste dump and backfill quarries with a dozer/ FE Loader combination and recontour both the quarries and the waste dumps to close to original slope.
2. Spread soil mixture from soil stockpile and recontour quarries and other areas with a loader.
3. Finish spreading soil with a dozer and excavator to final grade. 4. Spread mulch and broadcast seed.

Amount of developed area which will receive full reclamation treatments = 6.15

Estimated total developed area for this mine = (0.2 ac. exempted for road) 6.35

Activity	Qty	Unit	\$/Unit	\$
Regrading waste dump slopes (2/3 of vol for the 9.5 ac Plan)	13333	CY	0.47	6,267
Resloping pit walls/Dozer (2/3 of vol for the 9.5 ac Plan)	20000	CY	0.47	9,400
Resloping pit walls/FE Loader (2/3 of vol for the 9.5 ac Plan)	8333	CY	1.15	9,583
Ripping stockpile & compacted areas	1.0	acre	220	220
Topsoil replacement - dozer (2/3 of vol), 6" th., 6.15 ac	4960	CY	0.47	2,331
Topsoil replacement - FE loader (1/3 of vol), 3" th., 6.15 ac	2480	CY	1.15	2,852
Mulching (composted manure @ 5 ton/acre)	6.15	acre	150	923
Broadcast seeding (~20 lb/acre)	6.15	acre	170	1,046
General site cleanup & trash removal	3.2	acre	50	160
Equipment mobilization (loader, dozer, excavator)	2	equip	1000	2,000
Reclamation Supervision (3 days at Green, 2 days at White)	5	days	372	1,860
	Subtotal			36,641
10% Contingency				3,664
	Subtotal			40,305
Escalate for 1 year at 3.13% per yr				1,262
(3.13% is the same as the DOGM calc. of 07/06/00)	Total			41,566

Rounded interim surety amount in year 2001**\$41,600**

Average cost per developed acre = \$6,552